

December 15, 2015

The Honorable Kevin Brady  
Chairman  
House Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, D.C. 20515

Dear Chairman Brady,

Thank you for your leadership in introducing tax extenders legislation that includes powerful measures to spur new investment in U.S. real estate and infrastructure and create thousands of well-paying jobs in construction and related industries.

Today, the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) distorts capital investment and business decisions by imposing an artificial, discriminatory tax on inbound real estate investment. The outdated, 35 year-old law imposes a much higher tax burden on inbound investment in U.S. real property relative to investments in other types of U.S. assets, such as stocks and bonds. FIRPTA can result in a tax burden as high as 54.5 percent on the investor's gain when the U.S. property is sold.

FIRPTA often deters foreign investors from entering into joint ventures and partnerships with U.S. firms on capital-intensive real estate and infrastructure initiatives. The foreign capital flows elsewhere, reducing the growth of U.S. jobs in construction, engineering, property maintenance, and more. Moreover, the damage that FIRPTA inflicts on employment and economic growth rises every year as capital becomes more mobile.

The bipartisan FIRPTA reform proposals included in the *Tax Increase Prevention and Real Estate Investment Act of 2015* will allow foreign investors to take larger ownership stakes in publicly traded U.S. real estate investment trusts and create greater tax parity by exempting foreign pension funds from FIRPTA altogether. According to the OECD, pension funds around the world manage over \$24 trillion in assets and constitute a large and growing source of capital for productive investment. The FIRPTA changes in your bill will reduce economic distortions in the tax code and unlock capital to finance projects here at home—putting contractors, tradesmen, and others to work constructing, upgrading, and improving U.S. commercial real estate properties and infrastructure assets, such as roads and bridges.

Both the business and labor community recognize that FIRPTA reform is a win-win for the American economy, and the vast majority of the tax-writing committees have

cosponsored the FIRPTA relief included in your legislation. The undersigned organizations commend you and your colleagues' leadership on this issue, and we strongly encourage you to include it in end-of-year tax legislation.

Sincerely,

Alternative & Direct Investment Securities Association  
American Hotel & Lodging Association  
American Resort Development Association  
American Seniors Housing Association  
American Society of Interior Designers  
Association of Foreign Investors in Real Estate  
Building Owners and Managers Association International  
CCIM Institute  
Institute of Real Estate Management  
International Council of Shopping Centers  
International Union of Painters and Allied Trades  
Investment Program Association  
NAIOP, Commercial Real Estate Development Association  
National Apartment Association  
National Association of Real Estate Investment Trusts  
National Association of REALTORS®  
National Multifamily Housing Council  
Organization for International Investment  
The Society of Industrial and Office REALTORS®  
The Real Estate Roundtable

CC: The Honorable Paul Ryan  
Speaker, House of Representatives

The Honorable Nancy Pelosi  
Minority Leader, House of Representatives

The Honorable Mitch McConnell  
Majority Leader, U.S. Senate

The Honorable Harry Reid  
Minority Leader, U.S. Senate

The Honorable Sander M. Levin  
Ranking Member, House Committee on Ways and Means

The Honorable Orrin G. Hatch  
Chairman, Senate Committee on Finance

The Honorable Ron Wyden  
Ranking Member, Senate Committee on Finance